

TOWN AND COUNTRY PLANNING ACT 1990 PLANNING AND COMPULSORY PURCHASE ACT 2004

RETAIL IMPACT ASSESSMENT

FORMER BAE SITE
ELETTRA AVENUE
WATERLOOVILLE

PREPARED ON BEHALF
OF

HARGREAVES

July 2024

MWA

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1.0 INTRODUCTION

- 1.1 MWA has accepted an instruction from Hargreaves Properties Ltd in support of an outline planning application seeking permission for a mixed-use development at the former BAE Systems, Waterloo Park, Elettra Avenue, Waterloooville. The application is consistent with the existing outline planning permission relating to this site under App. No. APP/18/01072. That application is due to expired on 18th October 2024.
- 1.2 Planning permission No. APP/18/01072 grants planning permission under condition 19 for amongst other uses, development falling within for Classes A1, A3, A5 and D2¹ with a total maximum floor area of 4,334 sq.m. Condition 11 imposed on this permission restricts the use of the Class A1 floorspace (now Class E) as follows:

Use Class A1 floorspace within this development shall only be used for the sale of DIY products (including materials and accessories), home improvement products, carpets and floor coverings, fabric, furniture, soft and hard furnishings, floor coverings, household goods, homewares, decorative products, glassware, cookware, kitchen utensils, white and electrical goods, automotive and cycle parts, pet food, garden tools, arts and crafts materials, variety retailing, tents, camping, caravanning, leisure and outdoor activity equipment, toys and games, beauty products and medicines, baby products, seasonal items, ancillary items such as clothing and footwear, or related accessories for all of the aforementioned or the provision of ancillary café facilities, unless otherwise agreed with the Local Planning Authority

- 1.3 The current application seeks permission for an identical amount of retail floorspace and subject to the same controls as those imposed under condition 11. In this context the total proportion of Class E(a) floorspace proposed involves a maximum of 4,000 sq.m. gross.
- 1.4 The report is organised as follows:
- Section 2: This provides an overview of relevant local and national policies relating to retail impact assessment.
- Section 3: A standard approach to assessing the impact of the comparison goods floorspace is proposed as advised within the PPG 'Town centres and retail' (2014) and the NPPF (December 2023). It is also based on the results of a telephone household survey undertaken in May 2020 which examined both convenience and comparison goods shopping patterns.
- Section 4: This summarises our overall conclusions.

¹ Following the introduction of the Town and Country Planning (Use Classes)(Amendment)(England) Regulations 2020, Classes A1 (shops), A3 (café/restaurant) and D2 in so far as it relates to gyms, and indoor recreation fall within Class E 'Commercial, Business and Service' uses. Former Class A5 (takeaway) is now *sui generis*. Other uses included within the former Class D2 such as cinemas, concert halls, bingo halls and dance halls are *sui generis*. Other former D2 uses such as halls or meeting places or indoor and outdoor swimming baths, skating rinks and outdoor sports and recreation fall within Class F.2 'Local Community Uses'.

2.0 RELEVANT PLANNING POLICY

1. The development plan

- 2.1 For the purpose of section 38(3) of the Planning and Compulsory Purchase Act 2004 the development plan comprises the Havant Borough Core Strategy (March 2011) and the Havant Borough Local Plan (Allocations)(July 2014).
- 2.2 **Policy CS4** of the **Core Strategy** relates to Town, District and Local Centres. It states that the Council will seek to accommodate approximately 13,000 sq.m. (net) of new comparison goods retail floorspace within town and district centres to 2016.
- 2.3 The policy also states that planning permission will be granted for appropriate town centre development proposals that promote and enhance the hierarchy of identified centres. Havant and Waterloooville are identified as the two Town Centres within the borough. Paragraph 3.40 refers to the Town Centres, Retail and Leisure Study (2009)(TCRLS) prepared by Nathaniel Lichfield and Partners. That study advised that committed retail developments could absorb the capacity for comparison goods retail space to 2011, but that by 2016 there was a projected need for 13,288 sq.m. net of additional space.
- 2.4 Paragraph 3.49 of the Core Strategy advises that approximately 4,000 sq.m. net of new comparison goods floorspace should be located in the west of the borough with approximately 9,000 sq.m. net in the east. It advises that sites will be allocated in the Allocations Plan to meet these needs.
- 2.5 Paragraph 3.50 notes that the provision of leisure, entertainment and cultural facilities within the borough is limited reflecting the size of the catchment and the range of facilities in Portsmouth and Chichester. The 2009 study suggested there was scope for a small cinema, a bingo club and health and fitness facilities.
- 2.6 Paragraph 3.42 refers to Waterloooville Town Centre which was developed to support expanding post-war residential areas west of the A3(M). It contains two small pedestrian precincts and Dukes Walk Shopping Centre. It serves the western side of the borough. The town centre now also includes the Waterloooville Retail Park and the Sainsbury's superstore at Hambledon Road.
- 2.7 **Policy AL3** of the **Local Plan (Allocations)**, refers to Town, District and Local Centres. It supports town centre uses which contribute to their vitality and viability and supports enhancement of their primary shopping areas.
- 2.8 Policy WA2 Waterloooville Mixed Use Allocations identifies 5 sites which are allocated for mixed-uses. Site W109 Asda/Clock Tower extends to 3.22ha and supports housing and main town centre uses. Site BD54 which includes the application site supports economic development², a hotel and leisure uses. The site is defined as out of centre for retail uses and edge of centre for main town centre uses, the policy acknowledges that there is scope to provide a bowling alley or cinema that could not be accommodated in the town centre. The site is judged to be within walking distance of the town centre.

2. National guidance

- 2.9 The National Planning Policy Framework (NPPF) was revised in December 2023 and sets out the Government's overarching planning policies. There is no requirement to demonstrate that there is a need for a retail proposal set out in the NPPF.
- 2.10 Paragraph 93 of the NPPF sets out the circumstances under which an Impact Assessment should be undertaken to accompany proposals for retail development outside of town centres, which are not in accordance with an up-to-date Local Plan. Planning authorities should require an Impact Assessment if the development is over a proportionate locally set floorspace

² The NPPF includes retail uses as economic development.

threshold or in the absence of such a threshold, the nationally set threshold of 2,500 sq.m. gross. On this basis there is a requirement for an impact assessment.

- 2.11 Paragraph 94 of the NPPF sets out how the sequential assessment and impact assessment should be considered. It states that where an application is likely to have significant (our emphasis) adverse impact on one or more of the above factors, it should be refused. This needs to be considered in the context of the advice given at paragraph 11 of the NPPF which requires planning authorities to weigh the balance of any adverse impacts against any benefits that arise from the application proposals, with permission only being refused where there are significant and demonstrable adverse effects that outweigh the planning benefits.

C. NPPG 'Ensuring the vitality of town centres' (March 2014)

- 2.12 Paragraph 017 of the PPG (ID: 2b-017-20190722) states:

The impact test will need to be undertaken in a proportionate and locally appropriate way, drawing on existing information where possible. Ideally, applicants and local planning authorities should seek to agree the scope, key impacts for assessment, and level of detail required in advance of applications being submitted.

- 2.13 Paragraph 018 (ID: 2b-018-20190722) states

The following steps need to be taken in applying the impact test:

- establish the state of existing centres and the nature of current shopping patterns (base year)
- determine the appropriate time frame for assessing impact, focusing on impact in the first five years, as this is when most of the impact will occur
- examine the 'no development' scenario (which should not necessarily be based on the assumption that all centres are likely to benefit from expenditure growth in convenience and comparison goods and reflect both changes in the market or role of centres, as well as changes in the environment such as new infrastructure);
- assess the proposal's turnover and trade draw* (drawing on information from comparable schemes, the operator's benchmark turnover of convenience and comparison goods, and carefully considering likely catchments and trade draw)
- consider a range of plausible scenarios in assessing the impact of the proposal on existing centres and facilities (which may require breaking the study area down into a series of zones to gain a finer-grain analysis of anticipated impact)
- set out the likely impact of the proposal clearly, along with any associated assumptions or reasoning, including in respect of quantitative and qualitative issues
- any conclusions should be proportionate: for example, it may be sufficient to give a broad indication of the proportion of the proposal's trade draw likely to be derived from different centres and facilities in the catchment area and the likely consequences for the vitality and viability of existing town centres

- 2.14 Paragraph 018 further states:

A judgement as to whether the likely adverse impacts are significant can only be reached in light of local circumstances. For example, in areas where there are high levels of vacancy and limited retailer demand, even very modest trade diversion from a new development may lead to a significant adverse impact.

Where evidence shows that there would be no likely significant impact on a town centre from an edge of centre or out of centre proposal, the local planning authority must then consider all other material considerations in determining the application, as it would for any other development.

The design year for impact testing will need to be selected to represent the year when the proposal has achieved a 'mature' trading pattern. This is conventionally taken as the second full calendar year of trading after the opening of each phase of a new retail development, but it may take longer for some developments to become established.

3.0 RETAIL IMPACT ASSESSMENT

(i) Introduction

- 3.1 Policy 13 in the DMLP confirms that a retail impact assessment is required. We have provided a proportionate impact assessment which includes updated retail impact tables (**Appendix [1]**) and a recent health check of Waterlooville Town Centre (see **Appendix [2]**). The approach follows the same general approach and analysis we provided and agreed with the Council in relation to App. No. APP/18/01072.
- 3.2 Paragraphs 2b-016 of the NPPG 'Town Centres and Retail' (2014) provides advice on the assessment of the effect on planned investment. As we have affirmed in Section 2, advice of how the retail impact test should be used in decision taking is set out in paragraph 017 (ID: 2b-017-20190722). The guidance states that the impact test should be undertaken in a proportionate and locally appropriate way, drawing on existing information where possible. In this respect we have had regard to the data within the TCRLS which forms part of the evidence base underpinning the submitted Local Plan. However we have also included within the analysis more up to date information on comparison goods shopping patterns. NEMS was commissioned in May 2020 to provide an assessment of shopping patterns within the 4 main zones which comprise the town's primary catchment area. The results of the telephone household survey are attached as **Appendix [6]**.
- 3.3 Paragraph 17 of the NPPG notes that as a guiding principle, impact should be assessed on a like-for-like basis in respect of that particular sector. Retail uses tend to compete with their most comparable competitive facilities and . It also notes that where wider town centre developments or investments are in progress, it will be appropriate to assess the impact of relevant applications on that investment. Key considerations are identified as including:
- The policy status of the investment (i.e., whether it is outlined in the Development Plan).
 - The progress made towards securing the investment (for example if contracts are established).
 - The extent to which an application is likely to undermine planned development or investments based on the effect on current/forecast turnovers, operator demand and investor confidence.
- 3.4 Paragraph 2b 017-018 of the NPPG prescribes a step-by-step approach to assessing and measuring impacts arising from a proposed retail development.
- 3.5 When assessing the potential trading effects, it is important to note that the NPPF (paragraph 90) advises that permission should be denied only where there is a 'significant adverse impact on one of more of the considerations set out in paragraph 89 i.e.
- a) The impact of a proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of a proposal; and
 - b) The impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and the wider retail catchment.
- 3.6 In assessing whether a scheme is likely to have a significant adverse effect it is necessary for such a decision to be based on evidence. In relation to an appeal in Derby (APP/C1055/A/11/2161815), the Inspector at paragraph 116 of the DL opined that:
- “To justify an objection to the proposal it is not sufficient to simply suggest that there will be an impact. There is no persuasive evidence of such a significant impact that would be likely to undermine the vitality and viability of the city centre trade/turnover and trade in the wider area, arising from the appeal proposal.”**
- 3.7 In relation to impact on **planned investment**, the Secretary of State for Communities and Local Government ('SoS') allowed an appeal for an out-of-centre retail proposal that he called in for his

determination³. Paragraph 8.60 of the Inspector's report stated:

“NPPF [26] requires an assessment of the impact (if any) of the proposal on ‘existing, committed and planned public and private sector investment’ in a centre. That requirement is quite straightforward, only investment that has been made, and been committed or is planned warrants considerations. There appears to be general agreement that ‘existing’ investment is to be taken as a reference to investment that has already been made and that ‘committed’ investment is that which is contractually committed (private) or subject to resolution (public).”

(ii) Primary assumptions

Step 1: Establish the scope of the assessment

3.8 For the purposes of our assessment we have adopted the following assumptions:

Primary Catchment Area (PCA)⁴:

We have defined 4 zones based on the following postcodes. These are combined into a single PCA as set out in **Appendix [1]** and are based on TCRLS (2009). The zones are defined in **Appendix [7]**.

Zone	Postcode sectors	Population 2024
A	PO 7 5/8	21,398
B	PO 7 6/7 PO 8 8	32,528
C	PO 8 0/9	26,007
D	PO 7 4 PO 17 6	3,581

Population and expenditure:

Sourced from Experian's Location Analyst Area Comparison Report; Data Version UK 2019

Base year:

2024

Design year:

2029 which equates to five years post base date in accordance with the PPG

Price base:

At constant 2018 prices

Gross floorspace:

4,000 sq.m.

Net floorspace:

3,200 sq.m⁵.

Estimated design year turnover:

£11.2m.

³ Appeal Reference APP/G2815/V/12/2190175

⁴ The zones equate to approximately a 10-minute drive time towards Havant and Drayton to the south-east and south and a 15-minute drive time towards the more rural parts such as Wickham to the west, Hambledon to the north-west and Clanfield in the north. All of these outlying, rural areas look towards Waterlooville as their main food and convenience goods shopping destination which is the closest town centre. It should be noted as referenced in this report and the retail impact tables, that the town centre also draws expenditure from other zones within the TCRLS.

⁵ 80% of the gross floor area.

Step 2: Examine 'no development' Scenario: Comparison goods

- 3.9 **Appendix [1]** contains the tables associated with the impact assessment. The calculations are based on the assessment of the results of the telephone household survey conducted by NEMS in May 2020 and covering 371 households within the 4 survey zones. **Appendix [3]** contains the survey results.

Population and expenditure

- 3.10 **Table 1a** sets out the population within postcode sectors and the 4 zones comprising the PCA, based on Experian's Location Analyst. These reflect the results of the TCRLS (2009), which identified from which postcodes the town centre drew the majority of its convenience and comparison goods trade (see **Table 1b**). However, the 4 zones we have used represent a more tightly defined catchment when compared with the 2009 study which also included an allowance of 10% inflow of comparison goods expenditure from outside and we have made a similar allowance in our assessment.
- 3.11 **Table 2** contains the convenience goods expenditure per capita in 2024 and 2029 at 2018 prices. These have been discounted to exclude special forms of trading based on Experian's Retail Planner Briefing Note 21 (February 2024). The growth rates are also applied using predicted rates within the RPN 21. **Table 3** provides the equivalent per capita expenditure on comparison goods in 2024 and 2029.
- 3.12 **Table 4** summarises the total convenience and comparison goods expenditure within the four zones in 2024 and 2029.

Comparison goods shopping patterns

- 3.13 The NEMS survey represents the most up to date information on shopping patterns in this part of the borough. Questions were phrased in order to reflect any changes which were related to the Covid-19 restrictions on movement and how these would affect typical, shopping trips.
- 3.14 The survey asked respondents a series of questions (including convenience goods) and those relating to comparison goods shopping are as set out in Table 3.1.

Table 3.1: Telephone household survey questions – comparison goods

Q8	Where do you do most of your households shopping for clothes, footwear, and other fashion goods?
Q9	Where do you do most of your household's shopping for furniture, floor coverings, soft furnishings, or household textiles?
Q10	Where do you do most of your household's shopping for DIY, hardware, decorating goods, garden products, plants, or pet related products?
Q11	Where do you do most of your households shopping for small and large electrical goods including photographic equipment?
Q12	Where do you do most of your household's shopping for other non-food items including books, jewellery, china, glass, and household goods?
Q13	Where do you do most of your household's shopping for health, beauty, or chemist items (excluding prescriptions)?
Q14	Where do you do most of your household's shopping for recreational goods including bicycles, toys, sports, and camping equipment?
Q15	How does your household normally travel when undertaking shopping for non-good goods?
Q16	Overall, which is the main town/district centre you most regularly visit for your household's non-food shopping needs?

- 3.15 The survey combined with the population and expenditure estimates provides the basis for assessing baseline and design year shopping patterns under a 'no development' scenario.
- 3.16 **Table 6** provides the % of per capita comparison goods which are spent on different sectors as identified from the household survey and from Experian Location Analysts for the study area.

- 3.17 **Table 7** converts this into monetary totals by zone in 2024. **Table 8** provides the position in 2029. **Tables 9a-9d** combine the data to provide the total comparison goods expenditure attracted to Waterlooville Town Centre in 2024 and 2029 by zone. **Table 10** provides the total comparison goods turnover generated by residents within the 4 zones in 2024 and 2029.
- 3.17 **Table 11** provides an indication of the town's ability to retain comparison goods expenditure within its PCA i.e. the 4 zones. This suggests that the retention level is approximately 38%. This means that in 2024 the town is 'losing' approximately £114m to other centres/destinations. Over the 5 -year period to 2029 this is predicted to cumulatively total approximately £747m of comparison goods expenditure. This expenditure is potentially available to support improved shopping provision in Waterlooville and create local employment opportunities.
- 3.18 The TCRLS also confirmed that the town centre does draw some comparison goods expenditure from other study area zones. Whilst Zones A-D encompass the main zones, **Table 12** provides information on the amount of comparison goods expenditure drawn to the town centre from the other zones together with the 10% inflow from outside the Borough. This provides a total comparison goods turnover in 2029 of around £124m.

Step 3: Assess design year turnover and trade draw

- 3.19 **Table 13** sets out the predicted turnover of the proposal. This is based on the type of goods which are permitted to be sold under the terms of the existing OPP. We have assumed that the net sales area of the proposal will equate to 80% of the gross area. We have applied an appropriate sales density based on the permitted ranges of goods which provides a design year turnover of £11.2m.
- 3.20 In **Table 14** we set out the predicted trade draw taking into account the following factors:
- Havant West fails to retain a significant proportion of comparison goods expenditure generated in Zones, 7, 8, 9 and 10. This expenditure is 'lost' annually and will continue to be lost from the town unless additional retail floorspace is provided of the right type and location (see **Table 11**).
 - there are no other retail schemes committed or planned in the town to stem the outflow of expenditure.
 - there is considerably capacity to increase the market share over and above that which is predicted to arise in **Table 11**.
- 3.21 The impact on the town centre is predicted to equate to a diversion of £2.8m in 2029, an impact on the centre's comparison goods turnover of 2.3%.
- 3.22 The committed Aldi store at Waterlooville Park (App. No.) is predicted to draw £5.3m of convenience goods expenditure from the town centre. The town's convenience goods turnover in 2029 is predicted to be £90.1m in 2029 (based on the updated expenditure and population figures). In total the town's total comparison and convenience goods expenditure will be £198m. In combination the cumulative impact is estimated to be £8.1m, an impact of 4.1%.

Step 4: Assess impact

(a) Impact on existing, committed, or planned investment

- 3.23 The Health Check confirms that private sector investment in the town centre continues with improvements to units along Wellington Way and on parts of London Road. The former Curzon Rooms (Site W56) has not come forward for development and in any event involves a primarily residential led development with the potential for small scale units at ground floor.

(b) Impact on vitality and viability

- 3.24 The Health Check confirms that the town centre continues to provide a wide range of retail, service, leisure and financial services at or above the GOAD UK average. Whilst vacancy rates have increased this is accounted for by the on-going refurbishment of Wellington Way which has led to the majority of units in this part of the centre, becoming vacant. The rest of the centre

exhibits low levels of vacant units with significant improvements in some areas particularly along secondary shopping frontages.

- 3.25 Overall while there is scope to improve the public realm, the centre benefits from providing a range of surface level and accessible car parks suitable for short stay parking.
- 3.26 The town centre's comparison goods trade will continue to remain in excess of 2024 levels and since the majority of the impact would be upon the existing large format retailers on the Wellington Retail Park, we do not expect any closures or material diminution in their overall attractiveness and vitality.

4.0 OVERALL CONCLUSIONS

- 4.1 The site lies on the edge of Waterloooville Town Centre. It is allocated for a range of uses including economic development, hotel and leisure under Policy WA52 of the Local Plan (Allocations)(2014). In relation to the retail component (Class E(a)), we have assumed as a worse case that the scheme would attract a comparison goods turnover of approximately £11.2m in 2029. The impact on the town centre would be less than 3% which is not considered to be materially harmful to its vitality and viability.
- 4.2 The only means by which the considerable loss of expenditure is retained locally is by improving the range, quality and quantity of retail space. No schemes are able to deliver this in the town centre. None have planning permission and none are currently planned.
- 4.3 As an edge-of-centre site it has the ability to generate linked shopping and other trips and would promote a more sustainable form of development, reducing the number and length of journeys to centres/facilities further afield. To this extent it is important that the town and borough as whole addresses the competition in neighbouring local authorities particular to Portsmouth and Chichester. The application proposal presents a suitable opportunity to improve provision and ensure that the centre meets the needs of existing and future residents. In this regard the fact that the Council has expanded the town centre boundary to include the Wellington Retail Park and Sainsbury's is a recognition that these types of development can make a positive contribution towards providing a more sustainable pattern of shopping